What is claimed is:

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- 1. A method of managing storage space in a digital camera, the method comprising:
- (a) allowing a user to set a number of image files to be added to a recording medium of the digital camera;
- (b) determining which existing image files should be recompressed and the rate at which recompression should occur so as to create sufficient storage space in the recording medium to store the number of additional files set by the user;
 - (c) restoring the image files selected to be recompressed;
- (d) recompressing the restored image files at the determined recompression rate:
 - (e) storing the recompressed image files in the recording medium.
 - 2. The method of claim 1, further comprising the steps of:
- (f) determining whether an image file exists that is not already recompressed;
- (g) if an image file exists that has not been recompressed, displaying a menu indicating the number of files to be added to the recording medium of the digital camera and proceeding to step (h);
- (h) if all existing image files have been recompressed, displaying a message indicating that all existing image files have been recompressed and asking the user for permission to further recompress existing image files;
- (i) determining whether user has granted permission to further recompress existing image files;
 - (j) if the user denies permission, terminating the method;
- (k) if the user grants permission, displaying a menu indicating the number of files to be added to the recording medium of the digital camera.
 - 3. The method of claim 2, further comprising the step of:
 - (I) determining if a recompression function has been selected.
- 4. The method of claim 3, wherein step (I) comprises determining whether a recompression button has been pressed.
- 5. The method of claim 1, wherein the recording medium is removable from the digital camera.

- 6. The method of claim 1, wherein the recording medium is a memory card.
- The method of claim 4, wherein the recording medium is compact flash card.

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- 8. The method of claim 1, wherein the recording medium is a memory stick.
- 9. The method of claim 1, wherein the recompression utilizes the JPEG standard.
- 10. The method of claim 1, wherein the digital camera includes a display unit.
 - 11. The method of claim 10, wherein the display unit is an LCD screen.
- 12. The method of claim 2, wherein steps f, g, h, i, j, and k are performed before steps a, b, c, d, and e.
 - 13. The method of claim 3, wherein step I is performed first, and steps f, g, h, i, j, and k are performed before steps a, b, c, d, and e.